

## Role of Mudra Yojan in Entrepreneuership Development In India

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### Abstract

Small business play an important role not only in contributing to the nation's GDP, but also providing employment to large number of people. Pradhan Mantri MUDRA (Micro Unit Development and Refinance Agency) Yojana is a flagship scheme launched by Government of India in 2015 in order to provide financial assistance to the micro and small scale entrepreneurs. The main objective of this paper is to know the products offered under this scheme, to analyze the performance of Mudra yojana and to evaluate the role of MUDRA yojana in entrepreneurship development in India. The study is based on secondary data which has been collected from the annual reports of MUDRA yojana, journals, and research articles.

### Introduction

Entrepreneurship acts as pivotal role in transforming economy into a progressive one. In India, most of the business units are engaged in manufacturing, processing, trading and services sector. The micro enterprises represent a major portion of Indian economy and provide sizable employment opportunities after agriculture. MUDRA yojana has been launched by our Hon. Prime Minister, Shri Narendra Modi on 8th April 2015, with a corpus of Rs.20,000 crore and a credit guarantee corpus of Rs3,000 crore.. The main objective of this scheme to encourage the entrepreneurship and small business units to expand their business operations, small business play an important role in contributing to GDP and provide employment to large number of people. But due to various reasons small businesses are not playing their role effectively and the main reason behind is, most of the individuals of our country living in rural area. They have been lagging behind to access various facilities like credit, loan, insurance, and other financial instruments which are helpful them to establish and grow their small businesses. Mudra Yojana is great initiative of our Prime Minister to bank the unbanked population and fund the unfunded.

### Products Under Mudra Scheme

MUDRA bank provides refinance and credit support to financial institutions that promote small and micro units. The products of MUDRA are

1. Micro credit scheme (MCS)
2. Refinance for micro units
3. Mahila Uddyami scheme
4. Business Loan for Traders &Shopkeepers
5. Missing Middle Credit Scheme
6. Equipment Finance scheme

Refinance is given to commercial banks, regional rural banks, co-operative banks, micro finance institutions and non banking finance corporations. There are three types of loans offered under Refinance scheme. They are as follows.

**Table 1 Types of loans offered under MUDRA scheme**

Shishu	Starting stage	Upto Rs. 50,000	12%
Kishor	Mid stage	Rs. 50,000 to Rs. 5 Lakhs	14 to 17%
Tarun	Growth and development stage	Rs. 5 Lakhs to Rs.10 Lakhs	16%

### Review Of Literature

**Vijai ( 2018)** in his paper entitled "A Study on the Performance of Mudra Yojana in Tamilnadu" assessed the objective and role of PMMY in India, The study is based on the secondary data, and study resuled that schemes of MUDRA BANK and contribution of PMMY in promotion of financial Inclusion in Tamil Nadu and states that this scheme has been taken to focus exclusively on entrepreneurs. This type of scheme will add to the well-being of the individuals engaged in small-scale industries which will positively effect the progress of the economy and it is very effective in its early stage.

**Nikita Kabra ( 2018)** in her paper entitled "MUDRA Performance in Karnataka" analysed the the working efficiency of Micro Units Development & Refinance Agency and the study resulted that the performance of Micro Units Development & Refinance Agency loan schemes in Karnataka, working of Micro Units Development & Refinance Agency in Association of Small-Scale Industries. India needs to fill up the gaps like skill development, knowledge, business literacy, microfinance and MUDRA is the answer to that.

**Poornima (2019)** in her paper entitled "A Study on Pradhan Manthri Mudra Yojana -Mudra Scheme" examine the performance of the products offered under Refinance scheme. The study is based on secondary data and resulted that MUDRA scheme brings new ray of hope for both

existing and aspiring micro enterprises and women entrepreneurs. This scheme is helpful in Supporting and promoting the small and micro industries and contributing in boosting the country's economy, by employment generation, exports and GDP.

**Dr. Yogesh D (2019)** in his paper entitled "A STUDY AND REVIEW OF PRADHAN MANTRI MUDRA YOJANA (PMMY) IN THE STATE OF MAHARASHTRA" Analyzed the extent of impact on various categories like SC, ST, OBC, Women micro enterprises in terms of loan sanctioned and the resulted that MUDRA continues to be a major initiative of the Government is providing financial assistance to millions of micro and small scale units in India. It has provided assistance to women, SC/ST, OBC category entrepreneurs in India. Due to this scheme financial inclusion has been increased.

**Deepthi Laju (2020)** in her paper entitled "MUDRA YOJANA A BOON TO YOUNG ENTREPRENEURS: A CRITICAL APPRAISAL" analysed how Mudra has offered a helping hand to the entrepreneurs, the study has used secondary data and resulted that the Micro units Development and Refinance Agency Ltd. undoubtedly stand as the best micro enterprise sector in the country. It has given a refinance support to the banks, NBFCs and MFCs for lending loans to small units. Since micro enterprises form a major economic segment in our country equipping them with the needed financial resources not only provides employment opportunities to many but it also contributes towards the welfare of the nation.

#### Objectives Of The Study

1. To understand Pradhan Manthri Mudra Yojana and the products offered under this yojana.
2. To study the performance of Mudra Yojana.
3. To evaluate the role of MUDRA yojana in entrepreneurship development in India.

#### Hypothesis Of The Study

This research paper is based on the following hypothesis, which are going to be used in tune with objectives and tested for its approval.

H1- MUDRA yojana plays an important the role in entrepreneurship development in India.

H0- MUDRA yojana does not play an important the role in entrepreneurship development in India.

H1- Government takes measures to develop MUDRA Yojana.

H0 - Government may not take measures to develop MUDRA Yojana.

#### Research Methodology

The study is based on secondary data collected from research articles, journals, reports from websites and annual reports of MUDRA Yojana.

#### Rationale Of The Study

The study reveals the features and products of Mudra Yojana along with its benefits. The study also highlights the support offered by the yojana to Banks, MFIs, NBFCs, small enterprises and individuals. The purpose of this paper is to examine performance and the extent to which Mudra yojana is helping in entrepreneurship development, how it is solving unemployment problem of the people and contributes to the economic welfare of the nation as a whole. As the rate of interest is less and no collateral security is required for the borrower to take loan in this scheme, so it is inspiring the rural and urban youth to have more confident to take risk in business and it is suitable to small business organizations. This paper is also intended to contribute to knowledge in the area of youth entrepreneurship to be able to know and survive in business.

**Table 2: Category wise analysis of Mudra Yojana**

Category	2019-20		2020-21	
	No. of loan accounts	Amt Sanctioned .in crores	No. of loan accounts	Amt Sanctioned in crores
Shishu	5,44,90,617	1,63,528	4,01,80,115	1,09,953
Kishor	64,71,873	95,578	94,86,160	1,09,953
Tarun	12,85,116	78,358	10,68,771	79,290
Total	6,22,47,606	3,37,495	5,07,35,046	3,21,759

The above table reveals that there is a huge growth in the number of Loan accounts and amount sanctioned under each category, During the year 2019-20 and 2020-21 Shishu category is having more number of accounts which is followed by Kishore and Tarun scheme with respect to amount sanctioned also.

The following tables depict the progress and performance of Mudra Yojana for the FYs 2015-16 to 2020-21

**Table 3** (Amt. in ` lakh crore)

year	Target	Sanctioned Amount
2015-16	1.22	1.37
2016-17	1.80	1,80
2017-18	2.44	2.53
2018-19	3.00	3.21
2019-20	3.25	3.37
2020-21	3.50	3.21

**Sources: Annual reports of MUDRA scheme**

The above table shows that from 2015-16 to 2020-21 MUDRA scheme as, has played a dual role by extending refinance support to various lending institutions. Every year Target amount and Sanctioned amount has been increased, it shows the efficiency of Mudra yojana.

**Table 4: State wise Performance of top 10 States**

Name of the State	Sanction Amt 2020-21 (Rs. in Crores)	Sanction Amt. 2019-20 (Rs. in Crores)
Karnataka	30,199.18	30,188
West Bengal	29,335.98	26,790
Uttar Pradesh	29,231.35	30,949
Tamil Nadu	28,967.97	35,017
Bihhar	25,589.31	27,442
Maharastra	25,208.63	27,903
Rajastan	18,571.38	19,662
Madya Pradesh	18,474.24	19,060
odisha	15,328.63	15,419
Andra Pradesh	12,028.33	10,439.93
Total	2,32,935	2,42,869.93

**Sources: Annual reports of MUDRA Yojana**

The above table shows the amount sanctioned by 10 States. The Karnataka topped with Rs. 30199.18 crores during the year 2020-21 and Rs.30,188 Crores in 2019-20, followed by West Bengal with 29,335.98 crores during the year 2020-21 and Rs.26790 crores in 2019-20, and Uttar Pradesh stood at third with 29,231.35 crores and 30949 crores in 2019 and amount sanctioned by the other states also shown in the table.

**Table showing the amount sanctioned and dispersed by MUDRA under Shishu, Tarun and Kishore scheme from 2016-17 to 2019-20.**

**Table No.5**

Year	Amount in crores		Percentage of Amount Dispersed
	Amount Sanctioned	Amount Dispersed	
2016-17	366470.97	354241.92	96.66
2017-18	488590.01	472725.87	96.75
2018-19	604415.31	583034.87	96.46
2019-20	295388.78	286375.81	96.94

**Sources: Annual reports of MUDRA Yojan**

**Analysis**

The above table reveals that the amount sanctioned and dispersed by MUDRA Yojana under Shishu, Tarun and Kishore scheme from 2016-17 to 2019-20. The table highlights that more than 96 percent of the amount sanctioned is dispersed every year, it shows efficiency in the performance of MUDRA yojana, concluded that it has given boost to entrepreneurial culture. For the FY 2019-20 the target set was “ 3.25 lakh crore” and the amount sanctioned was 3.37 lakh crores and this yojana has achieved 103.67% of the target set. The table shows

that more than 100 percent amount was sanctioned to target set, which means Government has sanctioned more than one lakh crore every year under this scheme, it implies that MUDRA yojana plays an important the role in entrepreneurship development in India. Government is taking number of measures to develop MUDRA It (PMMY) is the key initiative of Government of India to develop and improve entrepreneurial culture in the country by providing collateral free and cheap credit to “millions of people. This Yojna has filled the gap of “unfunding or shortage of the funds”. It also boosts the morale of “first generation entrepreneurs” by providing financial assistance for setting up their micro enterprises expanding it further.

### Conclusion

MUDRA Yojana is the recently introduced scheme to encourage entrepreneurship especially in micro and small business units in India. This scheme will improve the well-being of the people engaged in small-scale industries which will positively shape the progress of the economy. MUDRA as a financial tool, will definitely make a change and will help in making a developed India. MUDRA has an impact on the economy, entrepreneurship development, employment generation and standards of living of the people. Many state Governments also making efforts to implement this scheme effectively and showing positive results. MUDRA scheme brings new hope for both existing as well as aspirants for micro enterprises and women entrepreneurs.

### Findings Of The Study

1. The study resulted that , MUDRA Yojana has been playing a very important role in India and this role in getting more and more prominent.
2. Keeping the importance and role of Mudra in mind, Government of India is working very hard towards creating entrepreneurial culture and skill development, it builds confidence in the mind of young generation.
3. The study is based on certain objectives, after going through the entire study it can be said that all objective are fulfilled successfully.
4. Similarly, the hypotheses of the paper are also tested based on observation. alternative hypotheses have been accepted and the null hypotheses are rejected.
5. In conclusion it can be said that, in India MUDRA YOJANA is playing an important role in entrepreneurship development, export promotion and contribution to GDP and Government is taking number of measures to develop MUDRA Yojana.

### Suggestions

1. There should be more encouragement among the rural and poor people to help them to grow economically with this type of schemes .
2. Some times the sanctioned amount for Shishu and Tarun categories is more than the disbursed amount. It clearly shows that the people are not aware about this scheme and how it is helping towards growth and wellbeing, therefore there is a need to create awareness about MUDRA in different ways and through effective media.
3. Some people fails to repay the loan amount in this respect Government should impliment strict policy.
4. The Government has to improve this scheme by appointing “independent agency” to evaluate performance of this scheme and bring innovation by adopting product design by considering local needs.

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